



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 110-20; 50 – Regulations Governing the Practice of Pharmacy; Regulations Governing Wholesale Distributors, Manufacturers and Warehousemen
Board of Pharmacy, Department of Health Professions
July 23, 2010

Summary of the Proposed Amendments to Regulation

The Board of Pharmacy proposes 1) to establish fees for providing duplicate licenses and for verification of licensure and 2) to no longer require a security system for Emergency Medical Services agencies that only stock intravenous fluids with no drug additives.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

The Board of Pharmacy proposes 1) to establish fees for providing duplicate licenses and for verification of licensure and 2) to no longer require a security system for Emergency Medical Services agencies that only stock intravenous fluids with no drug additives.

Currently there is no fee charged for issuing duplicate licenses (including permits and registrations) and written verification of the licenses. The staff time costs are absorbed in the board's overall budget. According to Department of Health Professions (DHP), approximately 10-20 requests are received each week for production of duplicate licenses and 20-30 requests received for written verification of licenses. The board proposes to establish a \$10 fee for issuance of a duplicate license and a \$25 fee for a written verification of a license.

If the current level of requests stays the same, the proposed fees are expected to generate \$100-\$200 revenue per week from issuance of duplicate licenses and \$500-\$750 revenue per week from written verification of licenses. The levels of the fees are determined based on the fees charged by other boards and the staff time involved. One of the main economic effects of this change is to charge the costs involved with duplicate licenses and verifications to the

individuals who are using them. Also, the added costs may discourage duplicate license and verification requests. For example, more people or institutions may be inclined to use DHP's website for online and free verification of licensure.

The board also proposes to eliminate the requirement for a security system for Emergency Medical Services (EMS) agencies that only stock intravenous fluids without added drugs. The security system is required to deter pilferage or diversion of drugs. According to DHP, it is unnecessarily burdensome for EMS agencies that only stock intravenous fluids without added drugs to have an alarm system. DHP estimates that less than 10 EMS agencies would stock only intravenous fluids. While this change has the potential to reduce compliance costs of certain EMS agencies, DHP does not know which agencies may be affected and does not have an estimate for the size of expected savings. Also, EMS agencies may have other incentives to obtain or maintain a security system making it difficult to assess the likely impact.

Businesses and Entities Affected

The proposed changes are expected to affect approximately 30-50 licensees per week and less than 10 EMS agencies.

Localities Particularly Affected

The proposed regulations apply throughout the Commonwealth.

Projected Impact on Employment

The proposed changes do not seem to be significant enough to have a notable effect on employment.

Effects on the Use and Value of Private Property

The proposed changes do not seem to be significant enough to have a notable effect on the use and value of private property.

Small Businesses: Costs and Other Effects

If the entity requesting a duplicate license or verification of license is a small business they would be required to pay the proposed fees which are \$10 and \$25 respectively.

Small Businesses: Alternative Method that Minimizes Adverse Impact

There is no known alternative that would minimize the adverse impact while accomplishing the same goal.

Real Estate Development Costs

The proposed regulations are not expected to create any real estate development costs.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 107 (09). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.